

SECTION IV

REDEVELOPMENT PLAN

A. Introduction

This section presents the Redevelopment Plan and Project for O'Fallon's Regency Park Redevelopment Project Area. A **Redevelopment Plan** is defined in the Act as "the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualified the redevelopment project area as a blighted area or conservation area or combination thereof or industrial park conservation area, and thereby to enhance the tax bases of the taxing districts which extend into the Redevelopment Project Area".

B. General Land Uses to Apply

The Plan proposes redeveloping most of the Area into a large corporate office campus (see **Exhibit C, General Land Use Plan**). For properties having frontage on I-64, commercial/retail/service type developments are considered to have potential. However, office is shown as an alternative that would be considered acceptable as well under this Plan.

It is the objective of this Plan that the development activities will be accomplished in a well-planned manner. Furthermore, the Project shall be subject to the provisions of the City of O'Fallon's ordinances and other applicable codes as may be in existence and may be amended from time-to-time.

C. Objectives

The objectives of the Redevelopment Plan are:

1. Reduce or eliminate those conditions that qualify the Redevelopment Project Area as eligible for tax increment financing by carrying out the Redevelopment Plan. These improvements may include other actions permitted by the Act and infrastructure needs as identified during the implementation of the Redevelopment Plan.



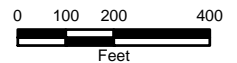
Legend

-  Redevelopment Project Area Boundary
-  Existing Street
-  Proposed Street
-  Commercial
-  Commercial / Office Alternate
-  Office

JULY 2008

**Exhibit C
General Land Use Plan**

Regency Park Redevelopment Project Area
City of O'Fallon, Illinois



2. Enhance the real estate tax base for the City and all other taxing districts, which extend into the Redevelopment Project Area through the implementation and completion of the activities identified herein.
3. Encourage and assist private investment in redevelopment projects within the Redevelopment Project Area through the provision of financial assistance for new development as permitted by the Act.
4. Provide for safe and efficient traffic circulation; facilitate effective emergency response time and accessibility, and general access within the Redevelopment Area.
5. Complete all public and private actions required in this Redevelopment Plan in an expeditious manner.

D. Program Policies to Accomplish Objectives

The City of O'Fallon has determined that it is appropriate to provide limited financial incentives for private investment within the Redevelopment Planning Area. It has been determined through discussions with the property owners and associated developers, that tax increment financing constitutes a key component of leveraging private investment within the Redevelopment Project Area. The City will incorporate appropriate provisions within any redevelopment agreement entered into between the City and private parties to assure that redevelopment projects make progress towards achieving the objectives stated herein and to achieve the various redevelopment projects described below.

E. Redevelopment Projects

To achieve the Plan objectives and the overall project proposed in the Plan, a number of public and private activities will need to be undertaken. This includes a combination of private developments and public investment in infrastructure improvements. Improvements and activities necessary to implement the Plan may include the following:

1. Private Redevelopment Activities:

Development of a large corporate office complex consisting of approximately 600,000 square feet of prime "Class A" office buildings. Set within a corporate campus environment, Regency Park is expected by the property

owner/developer to be in a position to complete with major office centers on the Missouri side of the metropolitan area. The property owner/developer's goal is to lease or build-to-suite space for regional headquarters for major corporations, including those that serve Department of Defense and nearby Scott Air Force Base. If successful in meeting this goal, Regency Park will be a major employment center providing for many high-skill & high-paying jobs which will constitute a significant addition to the economic base of O'Fallon, in particular, and the Metro-east in general.

2. Public Redevelopment Activities:

Public improvements and support activities will be used to induce and complement private investment. These may include, but are not limited to: street and sidewalk improvements, land assembly and site preparation, public utilities, traffic signalization, marketing of properties as well as other programs of financial assistance, as may be provided by the City.

3. Land Assembly, Displacement Certificate & Relocation Assistance:

It is not anticipated that land assembly by the City and eventual conveyance to private entities may be necessary in order to attract private development interest. Additionally, this Plan will not include the displacement of inhabited housing units because there are no housing units located within the Project Area.

Displacement Certificate:

Under Sections 11-74.4-3 (n) (5) and 11-74.4-4.1 (b) of the Tax Increment Allocation Redevelopment Act the City hereby certifies that this Redevelopment Plan will not result in the displacement of any inhabited residential units.

F. Estimated Redevelopment Project Costs

The estimated costs associated with the eligible public redevelopment activities are presented in **Exhibit D** entitled **Estimated Redevelopment Project Costs**. This estimate includes reasonable or necessary costs incurred, or estimated to be incurred, in the implementation of this Redevelopment Plan. These estimated costs are subject to refinement as specific plans and designs are finalized and experience is gained in implementing this Redevelopment Plan and do not include financing costs or interest payments that may be incurred in conjunction with redevelopment projects.

Exhibit D

ESTIMATED REDEVELOPMENT PROJECT COSTS

Regency Park Redevelopment Project Area
 City of O'Fallon, Illinois

Description	Estimated Cost
A. Public Works or Improvements <i>(Construction of streets, curb and gutters, utilities, drainage control measures, culverts, structures, and other public improvements)</i>	\$9,000,000
B. Property Assembly Costs	27,900,000
1. Property acquisition	8,900,000
2. Stormwater management & landscaping	3,000,000
3. Site & building related earthwork & utilities	5,000,000
4. Pavements	3,000,000
5. Mine reclamation	8,000,000
C. Building Rehabilitation & Retrofitting Cost	1,200,000
D. Taxing District Capital Costs	500,000
E. Job Training	500,000
F. Interest Costs Incurred by Developers <i>(Not to exceed 30% of annual interest costs)</i>	8,500,000
G. Relocation Costs	500,000
H. Planning, Legal & Professional Services	2,000,000
I. General Administration	100,000
J. Financing Costs	see note 3
K. Contingency	5,000,000
Total Estimated Project Costs	\$55,200,000
Estimated Surplus Declaration <i>(For Distribution to Taxing Districts)</i>	\$3,700,000
Total Estimated Use of TIF Funds	\$58,900,000

Notes:

1. All amounts expressed in 2008 dollars.
2. Adjustments may be made among line items within the budget to reflect program implementation experience.
3. Total estimated redevelopment project costs exclude any financing costs such as interest expense, capitalized interest and cost of issuance of obligations by the City. These costs are subject to prevailing market conditions and will be considered part of the total redevelopment project cost if and when such financing costs are incurred.
4. Private redevelopment costs and investment are in addition to the above.
5. The total estimated redevelopment project costs shall not be increased by more than 5% after adjustment for inflation from the date of the Plan adoption per statutory requirements.

In addition to the proposed TIF funding, the City may seek the assistance of various State of Illinois Departments (Department of Transportation, Department of Commerce and Economic Opportunity, etc), or appropriate agencies of the Federal Government to assist in funding site preparation, infrastructure, or other required projects or improvements. To the extent additional funds can be secured from the State of Illinois, or any federal program or other public or private sources, the City may use such funding sources in furtherance of the Redevelopment Plan and Projects.

G. Description of Redevelopment Project Costs

Costs that may be incurred by the City in implementing the Redevelopment Plan may include project costs and expenses as itemized in **Exhibit D**, subject to the definition of “redevelopment project cost” as contained in the TIF Act, and the “Contingency” line item may include any other costs that are eligible under said definition. Itemized below is the statutory listing of “redevelopment project costs” currently permitted by the TIF Act [bold typeface added for emphasis]. Note that some of the narrative below has been paraphrased (see full definitions in the TIF Act).

1. **Costs of studies, surveys, development of plans and specifications**, wetland mitigation plans, implementation and administration of the Redevelopment Plan, including but not limited to staff and professional service costs for architectural, engineering, legal, environmental, financial, planning or other services, subject to certain limitations:
 - a. There are limitations on contracts for certain professional services with respect to term, services, etc.
 - b. Annual administrative costs shall not include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment project area or approved a redevelopment plan.
 - c. Marketing costs are allowable so long as they relate to marketing sites within the redevelopment project area to prospective businesses, developers, and investors.
2. **Property assembly costs**, including but not limited to acquisition of land and other property, real or personal or interest therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground level environmental contamination, including but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land.

3. **Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings**, fixtures, and leasehold improvements; and the cost of replacing an existing public building if, pursuant to the implementation of a redevelopment project, the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment.
4. **Cost of construction of public works or improvements**, except that redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that it is not intended to replace an existing public building as provided for in paragraph 3 above, unless either:
 - a. the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to November 1, 1999; or
 - b. the municipality makes a reasonable determination in the redevelopment plan, supported by information that provides the basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan.
5. **Cost of job training** and retraining projects, including the cost of “welfare to work” programs **implemented by businesses** located within the redevelopment project area.
6. **Financing costs**, including but not limited to, all necessary and incidental expenses related to the issuance of obligations, and which may include payment of interest on any obligations issued thereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding thirty-six (36) months thereafter, and including reasonable reserves related thereto.
7. To the extent the municipality by written agreement accepts and approves the same, all or a portion of a **taxing district's capital costs** resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project.

8. **Relocation costs** to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law or in order to satisfy Subsection 11-74.4-3 (n) (7) of the TIF Act (re: federal Uniform Relocation Assistance and Real Property Acquisition Policies Act requirements).
9. Payments in lieu of taxes (see TIF Act for definition).
10. **Costs of job training**, retraining, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, **incurred by one or more taxing districts**, provided that such costs:
 - a. are related to the establishment and maintenance of additional job training, advanced vocational education or career education or career education programs for persons employed or to be employed by employers located in a redevelopment project area: and
 - b. when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the programs to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and types of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the terms of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code.
11. **Interest costs incurred by a redeveloper** related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - a. such costs are to be paid directly from the special tax allocation fund established pursuant to this Act;

- b. such payments in any one-year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - c. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 - d. the total of such interest payments paid pursuant to this Act may not exceed 30% of the total (i) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs, excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act;
12. Unless explicitly stated in the Act, the cost of construction of new privately owned buildings *shall not* be an eligible redevelopment project cost.
13. None of the redevelopment project costs enumerated above shall be eligible redevelopment project costs if those costs would provide direct financial support to a retail entity initiating operations in the redevelopment project area, while terminating operations at another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the redevelopment project area municipality. For purposes of this paragraph, termination means closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a redevelopment project area; but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, had become economically obsolete, or was no longer a viable location for the retailer or serviceman.